

## Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 OIC-04 SS-20 NSC-07 L-03 STR-08 AGR-20 SCI-06

INT-08 FEA-02 SSO-00 NSCE-00 USIE-00 INRE-00 DRC-01

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O R 302000Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2848

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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E.O. 11652: N/A  
TAGS: EGEN, OECD

SUBJECT: OECD MINISTERIAL COUNCIL MAY 29-30: TEXT OF  
MINISTERIAL COMMUNIQUE

1. THE FOLLOWING IS TEXT OF COMMUNIQUE ADOPTED BY OECD  
MINISTERIAL COUNCIL MAY 30.
2. BEGIN TEXT.

1. THE COUNCIL OF THE OECD MET AT MINISTERIAL LEVEL  
IN PARIS ON 29TH AND 30TH MAY, 1974, UNDER THE CHAIRMAN-  
SHIP OF MR. ANTONIO GIOLITTI, MINISTER FOR THE BUDGET  
AND ECONOMIC PLANNING OF ITALY. MINISTERS WELCOMED  
THIS OPPORTUNITY TO HAVE AN EXCHANGE OF VIEWS IN THE  
LIGHT OF THE PRESENT INTERNATIONAL ECONOMIC PROBLEMS  
AND UNDERLINED THE CONSTRUCTIVE ROLE WHICH CO-OPERATION  
IN THE OECD CAN PLAY IN HELPING TO SOLVE THESE PROBLEMS.

#### THE PROBLEMS

2. MINISTERS IDENTIFIED THREE MAIN OUTSTANDING  
PROBLEMS WHICH NEED FURTHER INTERNATIONAL CO-ORDINATION  
OF NATIONAL POLICIES IF THEY ARE TO BE SOLVED:

THE WIDESPREAD PROBLEM OF INFLATION, ALREADY OF  
SERIOUS PROPORTIONS, HAS BEEN AGGRAVATED BY THE  
SHARP INCREASE IN THE PRICE OF OIL; ANTI-INFLATION-  
ARY POLICIES MUST BE CAREFULLY CHOSEN SO AS TO  
AVOID SERIOUS UNEMPLOYMENT PROBLEMS.

FOR MOST OECD COUNTRIES THE INTERNATIONAL PAYMENTS  
SITUATION, RADICALLY ALTERED BY THE OIL PRICE IN-  
CREASE, HAS MOVED INTO SUBSTANTIAL DEFICIT ON  
CURRENT ACCOUNT.

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CERTAIN DEVELOPING COUNTRIES, INCLUDING SOME OF THE  
POOREST NATIONS IN THE WORLD, ARE FACING A GRIEV-  
OUSLY WORSENERD ECONOMIC AND FINANCIAL SITUATION.

#### THE RESPONSE

3. GOVERNMENTS ARE RESOLVED TO APPROACH ALL THESE

PROBLEMS JOINTLY AND CONCURRENTLY, AND MINISTERS EMPHASIZED THEIR DETERMINATION TO DEVELOP A COHERENT SET OF MEASURES TO THIS END. IN PARTICULAR, THEY RECOGNISE THAT NO ACCEPTABLE SOLUTION TO INDIVIDUAL COUNTRIES' PROBLEMS OF INTERNAL AND EXTERNAL BALANCE CAN BE FOUND IN ACTION WHICH ONLY SHIFTS THOSE PROBLEMS ACROSS FRONTIERS.

4. INFLATION AND EMPLOYMENT. MINISTERS RECOGNISE THAT, IN ALL OECD COUNTRIES, THE PRESENT RATES OF INFLATION CONSTITUTE A THREAT TO ECONOMIC AND SOCIAL PROGRESS. THEIR GOVERNMENTS THEREFORE ACCORD HIGH PRIORITY TO REDUCING THE RATE OF PRICE INCREASES. THEY WILL SEEK TO MAINTAIN ECONOMIC ACTIVITY AT SATISFACTORY LEVELS AND AVOID POLICIES THAT WOULD TRANSFER EMPLOYMENT PROBLEMS FROM ONE COUNTRY TO ANOTHER. BUT MINISTERS AGREED THAT GREAT CARE IS AT PRESENT NEEDED TO AVOID THE EMERGENCE OF EXCESS DEMAND IN THE OECD AREA, AND THAT FISCAL AND MONETARY POLICIES HAVE TO BE SHAPED TO THIS END. THEY ALSO EMPHASIZED THE NEED TO USE, WHERE FEASIBLE, OTHER, MORE SELECTIVE, MEASURES TO INCREASE SUPPLY AND REDUCE INFLATIONARY EXPECTATIONS. AND

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INT-08 FEA-02 SSO-00 NSCE-00 USIE-00 INRE-00 DRC-01

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O R 302000Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2849

INFO AMEMBASSY ANKARA  
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AMEMBASSY BERN  
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AMEMBASSY BRUSSELS  
AMEMBASSY CANBERRA  
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THEY AGREED THAT OECD TAKING ACCOUNT OF WORK IN OTHER INTERNATIONAL BODIES SHOULD SEEK TO IDENTIFY POLICIES CONDUCIVE TO BETTER MARKET STABILITY OF PRIMARY PRODUCTS WITH ADEQUATE SUPPLIES AT PRICES EQUITABLE BOTH FOR PRODUCING AND FOR CONSUMING COUNTRIES.

5. TRADE AND PAYMENTS POLICY. THE NEED FOR OECD COUNTRIES TO ADAPT TO THE NEW BALANCE OF PAYMENTS SITUATION IS A PROBLEM THAT, PARTICULARLY, HAS TO BE TACKLED ON AN INTERNATIONAL BASIS. GOVERNMENTS ARE DETERMINED TO TAKE ALL APPROPRIATE ACTION TO LIMIT THE SIZE AND DURATION OF THE WEAKENING OF THEIR CURRENT ACCOUNT POSITIONS. BUT THEY RECOGNISE THAT, IN THE YEARS IMMEDIATELY AHEAD, A DETERIORATION HAS TO BE ACCEPTED BECAUSE OF THE OIL PRICE-RISE. MINISTERS HAVE ALSO RECOGNIZED THAT THE FINANCING OF EXTERNAL DEFICITS PERSISTING DESPITE THE IMPLEMENTATION OF APPROPRIATE ADJUST-

MENT POLICIES WILL CONSTITUTE A DIFFICULT PROBLEM FOR SOME MEMBER COUNTRIES.

6. IN THESE CIRCUMSTANCES, MINISTERS ARE CONSCIOUS OF THE SPECIAL DANGER OF MUTUALLY CONFLICTING POLICIES TO IMPROVE NATIONAL COMPETITIVE POSITIONS AND AGREED ON THE NEED TO PREVENT NEW UNILATERAL ACTION WHICH MAY HAVE A DETRIMENTAL IMPACT ON INTERNATIONAL ECONOMIC RELATIONS. THEY HAVE, AS PART OF AN OVERALL RESPONSE TO THE CURRENT SITUATION, ISSUED THE ATTACHED DECLARATION, STATING THE DETERMINATION OF THEIR GOVERNMENTS, FOR A PERIOD OF A YEAR, TO AVOID RECOURSE TO NEW RESTRICTIONS ON TRADE OR OTHER CURRENT ACCOUNT TRANSACTIONS AND THE ARTIFICIAL STIMULATION OF VISIBLE AND CURRENT INVISIBLE EXPORTS, WHICH WOULD BE CONTRARY TO THE OBJECTIVES OF THE DECLARATION.

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7. THE DECLARATION, AT THE SAME TIME, ALSO EXPRESSES THE AGREEMENT OF GOVERNMENTS TO CO-OPERATE FULLY TO FACILITATE THE FINANCING OF THE DEFICITS DESCRIBED ABOVE, AND THEIR READINESS TO CONSIDER APPROPRIATE ARRANGEMENTS WHICH MAY PROVE NECESSARY IN THIS RESPECT.

8. IN ADDITION, MINISTERS REAFFIRMED THEIR SUPPORT FOR THE MULTILATERAL TRADE NEGOTIATIONS IN THE FRAMEWORK OF THE GATT AND URGED THAT THESE NEGOTIATIONS BE REGARDED AS A MATTER OF PRIORITY. THEY STRESSED THE IMPORTANCE IN THE PRESENT SITUATION OF THESE NEW EFFORTS TO LIBERALISE TRADE.

9. MINISTERS WELCOMED THE INTENSIFICATION OF THE ORGANISATION'S WORK ON THE ISSUES RELATED TO INTERNATIONAL INVESTMENT AND TO MULTINATIONAL ENTERPRISES, WITH A VIEW TO IMPROVING CO-OPERATION ON THESE ISSUES.

10. DEVELOPMENT CO-OPERATION. MINISTERS NOTED THAT MEMBERS OF THE DEVELOPMENT ASSISTANCE COMMITTEE (DAC) AND SOME OTHER MEMBER COUNTRIES OF THE OECD WILL MAKE STRENUOUS EFFORTS TO MAINTAIN AND ENLARGE THE FLOW OF THEIR OFFICIAL DEVELOPMENT ASSISTANCE WITH THE VIEW TO PROMOTING FURTHER ECONOMIC AND SOCIAL PROGRESS OF DEVELOPING COUNTRIES.

11. MINISTERS EXPRESSED PARTICULAR CONCERN AT THE ACUTE ECONOMIC PROBLEMS OF THOSE DEVELOPING COUNTRIES WITH LOW INCOME WHICH ARE MOST SERIOUSLY AFFECTED BY THE INCREASE IN THE PRICES OF OIL AND OTHER ESSENTIAL IMPORTS. ALTHOUGH THERE IS AS YET NO GENERALLY AGREED

ESTIMATE AS TO THE AMOUNT OF SPECIAL ASSISTANCE REQUIRED BY THESE COUNTRIES, THEY NOTED THE PRELIMINARY STUDIES MADE BY CERTAIN INTERNATIONAL ORGANISATIONS INDICATING THAT THESE REQUIREMENTS MIGHT AMOUNT AS AN ORDER OF MAGNITUDE, TO SOME \$3 - \$4 BILLION UP TO THE END OF 1975.

12. MINISTERS OF THE COUNTRIES WHICH ARE MEMBERS OF THE DAC AND SOME OTHER OECD MEMBERS, RECOGNIZING THE NEED TO CONTRIBUTE CONSTRUCTIVELY TO THE FOLLOW UP OF UNCLASSIFIED

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THE SIXTH SPECIAL SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS ON RAW MATERIALS AND DEVELOPMENT, AGREED TO MAKE EVERY EFFORT TO CONTRIBUTE IN AN APPROPRIATE MANNER TO THE SPECIAL RELIEF NEEDED BY THE MOST SERIOUSLY AFFECTED DEVELOPING COUNTRIES, BILATERALLY AND WITHIN THE FRAMEWORK OF THE APPROPRIATE INTERNATIONAL INSTITUTIONS. THE DAC WILL REVIEW THE PROGRESS OF ITS MEMBERS' RELIEF EFFORTS UNDER WAY AND ANY FURTHER STEPS WHICH MAY BE APPROPRIATE. MINISTERS REITERATED THE VIEW THAT ALL COUNTRIES THROUGHOUT THE WORLD IN A POSITION TO DO SO

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O R 302000Z MAY 74  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC IMMEDIATE 2850  
INFO AMEMBASSY ANKARA  
AMEMBASSY ATHENS  
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SHOULD SHARE THE RESPONSIBILITY TO CONTRIBUTE TO THE  
SPECIAL RELIEF OF THE MOST SERIOUSLY AFFECTED DEVELOPING  
COUNTRIES.

13. MINISTERS AGREED THAT ALL POSSIBLE EFFORTS  
SHOULD BE MADE TO ENSURE THAT SHIPMENTS OF FERTILIZERS  
TO DEVELOPING COUNTRIES WITH URGENT NEEDS ARE MAINTAINED  
AT THEIR PREVIOUS LEVEL AND THAT, THROUGH FINANCIAL  
AND TECHNICAL ASSISTANCE, ENCOURAGEMENT SHOULD BE GIVEN  
TO INCREASED PRODUCTION OF FERTILIZERS IN DEVELOPING  
COUNTRIES.

14. ENERGY. MINISTERS DISCUSSED THE CONSEQUENCES  
OF RECENT DEVELOPMENTS IN THE WORLD ENERGY MARKET. THEY  
AGREED THAT A STRONG CO-OPERATIVE EFFORT IS NEEDED IF

SERIOUS DAMAGE TO THE ECONOMIC AND SOCIAL WELFARE OF THE OECD COMMUNITY AS WELL AS TO THE WORLD ECONOMY IS TO BE AVOIDED. MINISTERS UNDERLINED THEIR WILL TO INTENSIFY INTERNATIONAL CO-OPERATION ON ENERGY PROBLEMS AND TO STRENGTHEN OECD CAPABILITY IN THIS FIELD.

15. MINISTERS NOTED THAT THE WORK ON THE LONG-TERM ASSESSMENT OF ENERGY AND RELATED POLICIES BEING PREPARED BY THE OECD HAS BEEN ACCELERATED AND THAT THE ASSESSMENT WILL BE AT THE DISPOSAL OF GOVERNMENTS IN OCTOBER 1974 AT THE LATEST. THEY UNDERLINED THE NECESSITY TO ENSURE ENERGY SUPPLIES WITHOUT UNDUE ADVERSE IMPACT ON ENVIRONMENTAL CONDITIONS.

16. MINISTERS STRESSED THE IMPORTANCE OF OECD'S WORK, ALREADY UNDER WAY, IN THE FIELDS OF ENERGY CONSERVATION AND DEMAND RESTRAINT, ACCELERATED DEVELOPMENT OF CONVENTIONAL ENERGY SOURCES, ALLOCATION OF OIL SUPPLIES IN TIMES OF EMERGENCY AND SEVERE SHORTAGES, AND ENERGY RESEARCH AND DEVELOPMENT. THE WORK ON THESE

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SUBJECTS HAS BEEN SPEEDED UP IN ORDER TO PERMIT EARLY POLICY DECISIONS.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Review Authority:** golinofr  
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**Review Date:** 05 NOV 2002  
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30 JUN 2005

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**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OECD MINISTERIAL COUNCIL MAY 29-30: TEXT OF MINISTERIAL COMMUNIQUE  
**TAGS:** EGEN, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005